



# UNITED STATES PATENT AND TRADEMARK OFFICE

*[Handwritten signature]*

UNITED STATES DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office  
Address: COMMISSIONER FOR PATENTS  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/517,287	12/08/2004	Michael L Derry	TVM-00001-US2	4281

30853 7590 03/21/2007  
WARN, HOFFMANN, MILLER & LALONE, .P.C  
PO BOX 70098  
ROCHESTER HILLS, MI 48307

EXAMINER
----------

STARKS, WILBERT L

ART UNIT	PAPER NUMBER
----------	--------------

2129

SHORTENED STATUTORY PERIOD OF RESPONSE	MAIL DATE	DELIVERY MODE
3 MONTHS	03/21/2007	PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/517,287	<b>Applicant(s)</b> DERRY, MICHAEL	
	<b>Examiner</b> Wilbert L. Starks, Jr.	<b>Art Unit</b> 2129	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 22 December 2006.
- 2a) ☒ This action is **FINAL**.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-26 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-26 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)                                | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                       | 5) <input type="checkbox"/> Notice of Informal Patent Application                       |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)<br>Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____  |

## DETAILED ACTION

### *Claim Rejections - 35 USC § 102*

1. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

2. Claims 1-26 are rejected under 35 U.S.C. 102(b) as being anticipated by Bedell et al (U.S. Patent Number 6,622,128 B1; dated 16 SEP 2003; class 705; subclass 030).  
Specifically:

#### Claim 1

Claim 1's "a) Selecting pre-established process maps each consisting of individual tasks to be done in the lawsuit;" is anticipated by Bedell et al, col. 11, lines 61-67 and col. 1, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids task number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-

Art Unit: 2129

defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system prohibits forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

Claim 1's "b) setting pricing and value variables for each individual task to be done which eliminates hourly rates in said method;" is anticipated by Bedell et al, col. 9, lines 32-50, where it recites:

Virtually all insurance company audit processes had their beginnings in some form of litigation guidelines. When the mass movement toward published guidelines first began, the companies were still trying to manage cases individually--the way it had been before and should be today. But principles learned and billing abuses uncovered during that phase of transition suggested that certain cost categorizations pertaining to a universe of lawsuits could be harnessed and controlled. Insofar as the companies were concerned, these categorizations primarily split measurements of litigation success into two definable areas--quality of "defense" and billing--both from cost perspectives on the bottom line. While continuing to be directly related, even derivative of one another, these two areas began to be scrutinized separately by insurance companies. To address both issues with equal levels of control, the companies started producing guidelines in two segments, one part for the handling of a lawsuit, the other to directly address billing parameters and tolerances.

Claim 1's "c) the client establishing a lawsuit budget by individual task which an outside counsel must follow;" is anticipated by Bedell et al, Abstract, where it recites:

A process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints. Legal work products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

Claim 1's "d) providing a case status module with real time information on how the lawsuit is proceeding based upon individual task performed;" is anticipated by Bedell et al, col. 8, lines 45-59, where it recites:

Insurance companies may presuppose that the work habits, personalities, capabilities and structure of all attorneys and firms are the same. The only chance for a guideline to serve a meaningful purpose is for it to uniformly apply. In analyzing any set of guidelines, the presupposition that all attorneys in all firms will be affected similarly becomes clear. This likely is an inaccurate assumption, because the structure and organization of law firms are very diverse and no two lawyers function exactly the same. The point is, a requirement will not necessarily be carried out with equivalence by different attorneys or firms. For example, instructing attorneys to provide a thirty-day status report will bring a one-line, "nothing to report" letter from one attorney and a twelve-page dissertation from another on virtually the same case.

Claim 1's "e) providing a point and click billing module for automatically submitting invoices to the client, the invoices having amounts that equal the value variables for individual tasks that have been pre-established and performed; and" is anticipated by Bedell et al, col. 19, lines 13-33, where it recites:

The Navigation Bar 68 appears throughout the process and is available for use at all times. It has six buttons which, by simply clicking the mouse on the appropriate symbol, enable the user to go directly to a page to perform a particular action. Balloon descriptions of each symbol may be shown when the cursor hovers over the icon and help the user determine which button should be selected for a desired action. The buttons may be as follows. The first button 72 accesses the Case Information section and may be labeled by a manila folder. The second button 74 accesses the law firm member-employee Roster Section and may be labeled by the bust of a man. The third button 76 accesses the Work Product Identification and Information section and may be labeled by a legal pad and pen or by a magnifying glass. The fourth button 78 accesses the Work Detail and Time Entries and Itemizations Charged and may be labeled by a calculator or by a dog-eared page with the letters "QE" prominently displayed. The fifth button 80 accesses the

Art Unit: 2129

Work Product. Billing section and may be labeled by a magnifying glass. The sixth and last button 82 accesses the Whole Case Summary section and may be labeled by a pie chart.

Claim 1's "f) providing an exceptions module to allow for automatic approval or denial of new work submitted by outside counsel to be done that is beyond the budget." is anticipated by Bedell et al, col. 11, lines 60-67 and col. 12, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids task number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system prohibits forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

## **Claim 2**

Claim 2's "2. The method as claimed in claim 1, further comprising the step of providing statistical reporting to the client, whereby data is stored and statistical information is generated using the data on all outside counsel for exact task cost comparison." is anticipated by Bedell et al, col. 14, lines 56-67 and col. 15, lines 1-5, where it recites:

The use of HTML (hypertext mark-up language) is well established, and anticipated developments in the mark-up language arena (such as XML, extensible mark-up language) would be easily adaptable to the invention disclosed herein. Consequently, the data gathering and presentation techniques are believed to be known in the art. However, due to the

strong demand for coordinated legal billing and budget monitoring activities over disparate geographic regions, the Internet provides the medium by which a database may be stored on a server that is readily available worldwide. Copies of such a database may also be easily made with the primacy of a single database indicated by file tags or imbedded codes. Databases of several cases can be bundled together to provide a more comprehensive database. However, it is at the case level that the present invention operates and establishes databases with respect to individual cases.

### **Claim 3**

Claim 3's "3.The method claimed in claim 1, wherein the step of selecting process maps includes selecting each anticipated task of the lawsuit and using the process maps that are in the system." is anticipated by Bedell et al, col. 11, lines 61-67 and col. 1, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids task number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system prohibits forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

### **Claim 4**

Claim 4's "4.The method as claimed in claim 1, wherein the step of creating process maps includes identifying each individual task to be performed in the lawsuit and inputting the level of expertise of the person who will be doing each task." is anticipated by Bedell et al, col. 11, lines 61-67 and col. 1, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids task number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system prohibits forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

#### Claim 5

Claim 5's "5.The method as claimed in claim 1, wherein the step of setting price and value variables includes the client establishing limits for each task to be performed." is anticipated by Bedell et al, col. 9, lines 32-50, where it recites:

Virtually all insurance company audit processes had their beginnings in some form of litigation guidelines. When the mass movement toward published guidelines first began, the companies were still trying to manage cases individually--the way it had been before and should be today. But principles learned and billing abuses uncovered during that phase of transition suggested that certain cost categorizations pertaining to a universe of lawsuits could be harnessed and controlled. Insofar as the companies were concerned, these categorizations primarily split measurements of litigation success into two definable areas--quality of "defense" and billing--both from cost perspectives on the bottom line. While continuing to be directly related, even derivative of one another, these two areas began to be scrutinized separately by insurance companies. To address both issues with equal levels of control, the companies started producing guidelines in two segments, one part for the handling of a lawsuit, the other to directly address billing parameters and tolerances.

#### Claim 6



Art Unit: 2129

Claim 6's "6.The method as claimed in claim 1, wherein the step of setting price and value variable includes the client inputting upper and lower control limits for each task" is anticipated by Bedell et al, col. 9, lines 32-50, where it recites:

Virtually all insurance company audit processes had their beginnings in some form of litigation guidelines. When the mass movement toward published guidelines first began, the companies were still trying to manage cases individually--the way it had been before and should be today. But principles learned and billing abuses uncovered during that phase of transition suggested that certain cost categorizations pertaining to a universe of lawsuits could be harnessed and controlled. Insofar as the companies were concerned, these categorizations primarily split measurements of litigation success into two definable areas--quality of "defense" and billing--both from cost perspectives on the bottom line. While continuing to be directly related, even derivative of one another, these two areas began to be scrutinized separately by insurance companies. To address both issues with equal levels of control, the companies started producing guidelines in two segments, one part for the handling of a lawsuit, the other to directly address billing parameters and tolerances.

### Claim 7

Claim 7's "7.The method as claimed in claim 1, wherein the step of setting price and value variables includes inputting into a data base firm name location, type of case, and type of lawyer." is anticipated by Bedell et al, col. 9, lines 32-50, where it recites:

Virtually all insurance company audit processes had their beginnings in some form of litigation guidelines. When the mass movement toward published guidelines first began, the companies were still trying to manage cases individually--the way it had been before and should be today. But principles learned and billing abuses uncovered during that phase of transition suggested that certain cost categorizations pertaining to a universe of lawsuits could be harnessed and controlled. Insofar as the companies were concerned, these categorizations primarily split measurements of litigation success into two definable areas--quality of "defense" and billing--both from cost perspectives on the bottom line. While continuing to be directly related, even derivative of one another,

Art Unit: 2129

these two areas began to be scrutinized separately by insurance companies. To address both issues with equal levels of control, the companies started producing guidelines in two segments, one part for the handling of a lawsuit, the other to directly address billing parameters and tolerances.

### **Claim 8**

Claim 8's "8. The method as claimed in claim 1, wherein the step of establishing a budget includes the client generating values for each individual task, the client electronically submitting the budget to outside counsel, and the outside counsel either accepting or rejecting the budget by a submission back to the client." is anticipated by Bedell et al, col. 11, lines 61-67 and col. 1, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids task number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system prohibits forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

### **Claim 9**

Claim 9's "9. The method as claimed in claim 8, wherein the step of rejecting the budget includes allowing outside counsel to generate a counterproposal budget by adjusting the individual tasks and electronically submit same to the client." is anticipated by Bedell et al, Abstract, where it recites:

A process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints. Legal work products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

### Claim 10

Claim 10's "10. The method as claimed in claim 1, wherein the step of providing a case status module includes providing a client with current information on status of a particular lawsuit by transmission of such information over the Internet." is anticipated by Bedell et al, col. 8, lines 45-59, where it recites:

Insurance companies may presuppose that the work habits, personalities, capabilities and structure of all attorneys and firms are the same. The only chance for a guideline to serve a meaningful purpose is for it to uniformly apply. In analyzing any set of guidelines, the presupposition that all attorneys in all firms will be affected similarly becomes clear. This likely is an inaccurate assumption, because the structure and organization of law firms are very diverse and no two lawyers function exactly the same. The point is, a requirement will not necessarily be carried out with equivalence by different attorneys or firms. For example, instructing attorneys to provide a thirty-day status report will bring a one-line, "nothing to report" letter from one attorney and a twelve-page dissertation from another on virtually the same case.

### Claim 11

Claim 11's "11. The method as claimed in claim 1, wherein the step of providing a point and click billing module includes inputting the work that has been completed into a computer by clicking an ABA code representative of the work area completed, clicking

Art Unit: 2129

on the specific pre-approved task that has been performed, clicking on a tab to bill it, and automatically sending a bill via internet to a client." is anticipated by Bedell et al, col. 19, lines 13-33, where it recites:

The Navigation Bar 68 appears throughout the process and is available for use at all times. It has six buttons which, by simply clicking the mouse on the appropriate symbol, enable the user to go directly to a page to perform a particular action. Balloon descriptions of each symbol may be shown when the cursor hovers over the icon and help the user determine which button should be selected for a desired action. The buttons may be as follows. The first button 72 accesses the Case Information section and may be labeled by a manila folder. The second button 74 accesses the law firm member-employee Roster Section and may be labeled by the bust of a man. The third button 76 accesses the Work Product Identification and Information section and may be labeled by a legal pad and pen or by a magnifying glass. The fourth button 78 accesses the Work Detail and Time Entries and Itemizations Charged and may be labeled by a calculator or by a dog-eared page with the letters "QE" prominently displayed. The fifth button 80 accesses the Work Product. Billing section and may be labeled by a magnifying glass. The sixth and last button 82 accesses the Whole Case Summary section and may be labeled by a pie chart.

### **Claim 12**

Claim 12's "12. The method as claimed in claim 1, wherein the step of providing a point and click billing module includes electronically sending a pre-approved non-hourly based bill to a customer once the task has been completed, and the client electronically or manually causing payment to outside counsel." is anticipated by Bedell et al, col. 19, lines 13-33, where it recites:

The Navigation Bar 68 appears throughout the process and is available for use at all times. It has six buttons which, by simply clicking the mouse on the appropriate symbol, enable the user to go directly to a page to perform a particular action. Balloon descriptions of each symbol may be shown when the cursor hovers over the icon and help the user determine which button should be selected for a desired action. The

Art Unit: 2129

buttons may be as follows. The first button 72 accesses the Case Information section and may be labeled by a manila folder. The second button 74 accesses the law firm member-employee Roster Section and may be labeled by the bust of a man. The third button 76 accesses the Work Product Identification and Information section and may be labeled by a legal pad and pen or by a magnifying glass. The fourth button 78 accesses the Work Detail and Time Entries and Itemizations Charged and may be labeled by a calculator or by a dog-eared page with the letters "QE" prominently displayed. The fifth button 80 accesses the Work Product. Billing section and may be labeled by a magnifying glass. The sixth and last button 82 accesses the Whole Case Summary section and may be labeled by a pie chart.

### **Claim 13**

Claim 13's "13. The method as claimed in claim 1, wherein the step of providing a point and click billing module includes requiring a firm to electronically bill a customer once a pre-approved task is performed." is anticipated by Bedell et al, col. 19, lines 13-33, where it recites:

The Navigation Bar 68 appears throughout the process and is available for use at all times. It has six buttons which, by simply clicking the mouse on the appropriate symbol, enable the user to go directly to a page to perform a particular action. Balloon descriptions of each symbol may be shown when the cursor hovers over the icon and help the user determine which button should be selected for a desired action. The buttons may be as follows. The first button 72 accesses the Case Information section and may be labeled by a manila folder. The second button 74 accesses the law firm member-employee Roster Section and may be labeled by the bust of a man. The third button 76 accesses the Work Product Identification and Information section and may be labeled by a legal pad and pen or by a magnifying glass. The fourth button 78 accesses the Work Detail and Time Entries and Itemizations Charged and may be labeled by a calculator or by a dog-eared page with the letters "QE" prominently displayed. The fifth button 80 accesses the Work Product. Billing section and may be labeled by a magnifying glass. The sixth and last button 82 accesses the Whole Case Summary section and may be labeled by a pie chart.

### **Claim 14**

Art Unit: 2129

Claim 14's "14. The method as claimed in claim 1, wherein the step of providing an exceptions module includes allowing outside counsel to electronically submit requests for approval of new work that is not in the actual budget, and allowing a client to approve, modify or reject the request." is anticipated by Bedell et al, col. 11, lines 60-67 and col. 12, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids task number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system **prohibits** forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

### Claim 15

Claim 15's "15. The method as claimed in claim 1, wherein the step of providing an exceptions module includes outside counsel submitting a request for new work, and approving the request if it is within a previously set default pricing variable." is anticipated by Bedell et al, col. 9, lines 32-50, where it recites:

Virtually all insurance company audit processes had their beginnings in some form of litigation guidelines. When the mass movement toward published guidelines first began, the companies were still trying to manage cases individually--the way it had been before and should be today. But principles learned and billing abuses uncovered during that phase of transition suggested that certain cost categorizations pertaining to a universe of lawsuits could be harnessed and controlled. Insofar as the companies were concerned, these categorizations primarily split

measurements of litigation success into two definable areas--quality of "defense" and billing--both from cost perspectives on the bottom line. While continuing to be directly related, even derivative of one another, these two areas began to be scrutinized separately by insurance companies. To address both issues with equal levels of control, the companies started producing guidelines in two segments, one part for the handling of a lawsuit, the other to directly address **billing parameters and tolerances**.

### **Claim 16**

Claim 16's "16. The method as claimed in claim 1, wherein the step of providing an exceptions module includes allowing a client to obtain current status of prior exceptions requests. " is anticipated by Bedell et al, col. 8, lines 45-59, where it recites:

Insurance companies may presuppose that the work habits, personalities, capabilities and structure of all attorneys and firms are the same. The only chance for a guideline to serve a meaningful purpose is for it to uniformly apply. In analyzing any set of guidelines, the presupposition that all attorneys in all firms will be affected similarly becomes clear. This likely is an inaccurate assumption, because the structure and organization of law firms are very diverse and no two lawyers function exactly the same. The point is, a requirement will not necessarily be carried out with equivalence by different attorneys or firms. For example, instructing attorneys to provide a thirty-day status report will bring a one-line, "nothing to report" letter from one attorney and a twelve-page dissertation from another on virtually the same case.

### **Claim 17**

Claim 17's "17. The method as claimed in claim 2, wherein the step of providing statistical reporting includes graphically outputting historical information based on data that is generated by said method." is anticipated by Bedell et al, col. 14, lines 56-67 and col. 15, lines 1-5, where it recites:

The use of HTML (hypertext mark-up language) is well established, and anticipated developments in the mark-up language arena (such as XML,

Art Unit: 2129

extensible mark-up language) would be easily adaptable to the invention disclosed herein. Consequently, the data gathering and presentation techniques are believed to be known in the art. However, due to the strong demand for coordinated legal billing and budget monitoring activities over disparate geographic regions, the Internet provides the medium by which a database may be stored on a server that is readily available worldwide. Copies of such a database may also be easily made with the primacy of a single database indicated by file tags or imbedded codes. Databases of several cases can be bundled together to provide a more comprehensive database. However, it is at the case level that the present invention operates and establishes databases with respect to individual cases.

### **Claim 18**

Claim 18's "18. The method as claimed in claim 1, further comprising the step of providing incentives for exceptional performance by outside counsel, electronically notifying compensating outside" is anticipated by Bedell et al, col. 12, lines 11-27, where it recites:

The method allows and encourages narrative explanation for each work product established on a case by containing data base text fields for specific work descriptions and specific references. The system is utilized by the firms and the individuals to whom they are reporting for spontaneous and immediate electronic communication through the Internet. Work products are established, budgeted for and managed during case development. The method eliminates the need for after-the-fact auditing of legal bills. The method allows for carrier guidelines to be directly incorporated into the system, via programmed alerts, to maximize guideline compliance. The system enables interim payments to be made by producing detailed legal bills for completed work products that have been pre-communicated to clients/carriers. The system allows all users to view and measure incurred fees and expenses while they are accumulating and before actual bills are submitted for payment.

### **Claim 19**

Claim 19's " a module operable for inputting data for establishing an actual budget, said module including a feature for inputting values to each task, and a feature



Art Unit: 2129

for inputting the level of expertise to be used on each task;" is anticipated by Bedell et al, col. 11, lines 61-67 and col. 1, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids task number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system prohibits forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

Claim 19's " a module for statistically reporting each task to the client to verify if it is in control; and" is anticipated by Bedell et al, col. 11, lines 61-67 and col. 1, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids task number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system prohibits forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

Art Unit: 2129

Claim 19's "an exceptions module that is controlled by the client for accommodating alterations to the budget." is anticipated by Bedell et al, Abstract, where it recites:

A process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints. Legal work products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

#### Claim 20

Claim 20's "20. The computer based cost management system as claimed in claim 19, further comprising a module for electronically billing a client based on pre-determined task cost and receiving automatic approval and payment." is anticipated by Bedell et al, col. 11, lines 60-67 and col. 12, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids task number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system prohibits forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

**Claim 21**

Claim 21's " a module that maps out in detail the tasks, decision points and litigation variables for the process of litigation;" is anticipated by Bedell et al, col. 11, lines 61-67 and col. 1, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids **task** number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system prohibits forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

Claim 21's " a module for assigning dollar values to each task of the process;" is anticipated by Bedell et al, col. 9, lines 32-50, where it recites:

Virtually all insurance company audit processes had their beginnings in some form of litigation guidelines. When the mass movement toward published guidelines first began, the companies were still trying to manage cases individually--the way it had been before and should be today. But principles learned and billing abuses uncovered during that phase of transition suggested that certain cost categorizations pertaining to a universe of lawsuits could be harnessed and controlled. Insofar as the companies were concerned, these categorizations primarily split measurements of litigation success into two definable areas--quality of "defense" and billing--both from **cost** perspectives on the bottom line. While continuing to be directly related, even derivative of one another, these two areas began to be scrutinized separately by insurance companies. To address both issues with equal levels of control, the companies started producing guidelines in two segments, one part for the handling of a lawsuit, the other to directly address **billing parameters and tolerances**.

Art Unit: 2129

Claim 21's " a module for inputting pre-approved dollar values for each task to be charged by counsel; and" is anticipated by Bedell et al, col. 19, lines 13-33, where it recites:

The Navigation Bar 68 appears throughout the process and is available for use at all times. It has six buttons which, by simply clicking the mouse on the appropriate symbol, enable the user to go directly to a page to perform a particular action. Balloon descriptions of each symbol may be shown when the cursor hovers over the icon and help the user determine which button should be selected for a desired action. The buttons may be as follows. The first button 72 accesses the Case Information section and may be labeled by a manila folder. The second button 74 accesses the law firm member-employee Roster Section and may be labeled by the bust of a man. The third button 76 accesses the Work Product Identification and Information section and may be labeled by a legal pad and pen or by a magnifying glass. The fourth button 78 accesses the Work Detail and Time Entries and Itemizations Charged and may be labeled by a calculator or by a dog-eared page with the letters "QE" prominently displayed. The fifth button 80 accesses the Work Product. Billing section and may be labeled by a magnifying glass. The sixth and last button 82 accesses the Whole Case Summary section and may be labeled by a pie chart.

Claim 21's " a module for imputing other information." is anticipated by Bedell et al, col. 8, lines 45-59, where it recites:

Insurance companies may presuppose that the work habits, personalities, capabilities and structure of all attorneys and firms are the same. The only chance for a guideline to serve a meaningful purpose is for it to uniformly apply. In analyzing any set of guidelines, the presupposition that all attorneys in all firms will be affected similarly becomes clear. This likely is an inaccurate assumption, because the structure and organization of law firms are very diverse and no two lawyers function exactly the same. The point is, a requirement will not necessarily be carried out with equivalence by different attorneys or firms. For example, instructing attorneys to provide a thirty-day status report will bring a one-line, "nothing to report" letter from one attorney and a twelve-page dissertation from another on virtually the same case.

## Claim 22

Art Unit: 2129

Claim 22's " a real time analysis module that is operable to inform in-house counsel in reducing litigation cost;" is anticipated by Bedell et al, col. 8, lines 45-59, where it recites:

Insurance companies may presuppose that the work habits, personalities, capabilities and structure of all attorneys and firms are the same. The only chance for a guideline to serve a meaningful purpose is for it to uniformly apply. In analyzing any set of guidelines, the presupposition that all attorneys in all firms will be affected similarly becomes clear. This likely is an inaccurate assumption, because the structure and organization of law firms are very diverse and no two lawyers function exactly the same. The point is, a requirement will not necessarily be carried out with equivalence by different attorneys or firms. For example, instructing attorneys to provide a thirty-day status report will bring a one-line, "nothing to report" letter from one attorney and a twelve-page dissertation from another on virtually the same case.

Claim 22's " a real time budget and cost to complete module that is created by in-house counsel; and" is anticipated by Bedell et al, Abstract, where it recites:

A process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints. Legal work products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

Claim 22's " an exception module that is operable to permit outside counsel to request to modify the budget when a task outside of the budget arises, said in-house counsel being operable to deny said request, if the request is approved, the budget is revised." is anticipated by Bedell et al, Abstract, where it recites:

Art Unit: 2129

A process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints. Legal work products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

### Claim 23

Claim 23's " an input module for entering work that has been completed by a firm and generating an invoice;" is anticipated by Bedell et al, col. 19, lines 13-33, where it recites:

The Navigation Bar 68 appears throughout the process and is available for use at all times. It has six buttons which, by simply clicking the mouse on the appropriate symbol, enable the user to go directly to a page to perform a particular action. Balloon descriptions of each symbol may be shown when the cursor hovers over the icon and help the user determine which button should be selected for a desired action. The buttons may be as follows. The first button 72 accesses the Case Information section and may be labeled by a manila folder. The second button 74 accesses the law firm member-employee Roster Section and may be labeled by the bust of a man. The third button 76 accesses the Work Product Identification and Information section and may be labeled by a legal pad and pen or by a magnifying glass. The fourth button 78 accesses the Work Detail and Time Entries and Itemizations Charged and may be labeled by a calculator or by a dog-eared page with the letters "QE" prominently displayed. The fifth button 80 accesses the Work Product. Billing section and may be labeled by a magnifying glass. The sixth and last button 82 accesses the Whole Case Summary section and may be labeled by a pie chart.

Claim 23's " a transfer device for communicating the invoice to the customer;" is anticipated by Bedell et al, col. 19, lines 13-33, where it recites:

Art Unit: 2129

The Navigation Bar 68 appears throughout the process and is available for use at all times. It has six buttons which, by simply clicking the mouse on the appropriate symbol, enable the user to go directly to a page to perform a particular action. Balloon descriptions of each symbol may be shown when the cursor hovers over the icon and help the user determine which button should be selected for a desired action. The buttons may be as follows. The first button 72 accesses the Case Information section and may be labeled by a manila folder. The second button 74 accesses the law firm member-employee Roster Section and may be labeled by the bust of a man. The third button 76 accesses the Work Product Identification and Information section and may be labeled by a legal pad and pen or by a magnifying glass. The fourth button 78 accesses the Work Detail and Time Entries and Itemizations Charged and may be labeled by a calculator or by a dog-eared page with the letters "QE" prominently displayed. The fifth button 80 accesses the Work Product. Billing section and may be labeled by a magnifying glass. The sixth and last button 82 accesses the Whole Case Summary section and may be labeled by a pie chart.

Claim 23's "a processing department operated by the customer that is operable to receive the invoice from the transfer device; and" is anticipated by Bedell et al, col. 21, lines 9-29, where it recites:

The Client Information fields 120 record critical client information. The client is the defendant whom the firm is representing. Information about the client is supplied by the user in the indicated fields: Name (person or company) 130; Street Address 132; City 134; State, drop-down selection menu 136; Zip Code 138; Contact Name 140, the person with whom the attorney will be corresponding/communicating. This person may be the same as shown in the client "Name" field or it may be a different person; Telephone Number 142; Contact e-mail 143; and Invoice Method, drop-down selection (e-mail, regular mail or other) 144. The method of invoicing should only be used when the firm is billing the client directly.

Claim 23's "a means for transmitting payment information to a firm." is anticipated by Bedell et al, col. 19, lines 13-33, where it recites:

The Navigation Bar 68 appears throughout the process and is available for use at all times. It has six buttons which, by simply clicking the

mouse on the appropriate symbol, enable the user to go directly to a page to perform a particular action. Balloon descriptions of each symbol may be shown when the cursor hovers over the icon and help the user determine which button should be selected for a desired action. The buttons may be as follows. The first button 72 accesses the Case Information section and may be labeled by a manila folder. The second button 74 accesses the law firm member-employee Roster Section and may be labeled by the bust of a man. The third button 76 accesses the Work Product Identification and Information section and may be labeled by a legal pad and pen or by a magnifying glass. The fourth button 78 accesses the Work Detail and Time Entries and Itemizations Charged and may be labeled by a calculator or by a dog-eared page with the letters "QE" prominently displayed. The fifth button 80 accesses the Work Product. Billing section and may be labeled by a magnifying glass. The sixth and last button 82 accesses the Whole Case Summary section and may be labeled by a pie chart.

#### **Claim 24**

Claim 24's "24. The cost management system as claimed in claim 23, further comprising a means for providing exceptions requests to the budget through electronic submission by the firm to the customer." is anticipated by Bedell et al, Abstract, where it recites:

A process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints. Legal work products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

#### **Claim 25**

Claim 25's "25. The cost management system as claimed in claim 24, further comprising a module for tracking each exception that is requested, so as to make



Art Unit: 2129

decisions based on a litigation process that is consistent for all outside law firms. " is anticipated by Bedell et al, col. 11, lines 60-67 and col. 12, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids task number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system **prohibits** forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

#### **Claim 26**

Claim 26's "the corporate counsel generating an actual working budget based on defaults and price variables;" is anticipated by Bedell et al, Abstract, where it recites:

A process by which **litigation** or legal billing may be both recorded and monitored in conjunction with **budgetary constraints**. Legal work products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

Claim 26's "the actual budget being electronically submitted to a law firm;" is anticipated by Bedell et al, Abstract, where it recites:

Art Unit: 2129

A process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints. Legal work products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

Claim 26's "the budget being approved, rejected or modified by the law firm;" is anticipated by Bedell et al, Abstract, where it recites:

A process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints. Legal work products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

Claim 26's "the case proceeding based upon an agreed upon budget; and" is anticipated by Bedell et al, Abstract, where it recites:

A process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints. Legal work products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

Art Unit: 2129

Claim 26's "the law firm electronically requesting exceptions when a task is outside of the agreed upon actual budget, said corporate counsel either accepting or rejecting the exceptions." is anticipated by Bedell et al, Abstract, where it recites:

A process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints. Legal work products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

### ***Response to Arguments***

3. Applicant's arguments filed 12/22/2006 have been fully considered but they are not persuasive. Specifically, Applicant argues:

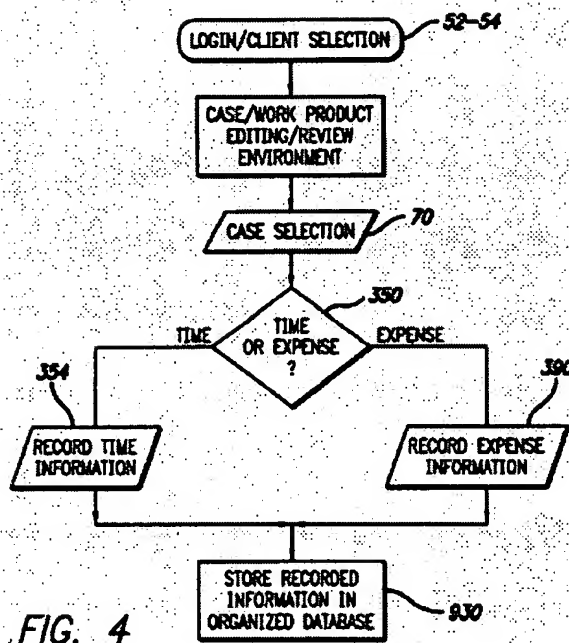
#### **Argument 1**

The Bedell reference discloses a traditional billing system whose very purpose is to capture hours generated by an outside law firm and to report to the in-house counsel the work performed and the corresponding dollar value of those hours worked. The control lies complete within the outside counsel in controlling, conducting, and then billing the client on the work performed. Bedell fails to teach the cost control measures as claimed in Applicant's invention.

Not true. The prior art may capture billable hours, but it may also bill according to expenses. Figure 4 of that invention is reproduced below. Notice the decision box that says "TIME OR EXPENSE?" Further, Applicant points to no evidence to support his conclusion that "The control lies complete within the outside counsel in controlling,

conducting and then billing the client on the work performed." Applicant's argument is, thereby completely conclusory and unpersuasive. The rejections STAND.

U.S. Patent Sep. 16, 2003 Sheet 3 of 32 US 6,622,128 B1



Art Unit: 2129

Bedell and other references of record also focus on the outside law firm providing the client, in-house counsel, with cost estimates which are in turn used to establish a budget guideline that can be freely altered by the law firm. By contrast, Applicant's invention powers the client with the tools to create an actual budget that the law firm must stay within and cannot modify without pre-approved permission by the client. Bedell offers no such cost and control measures which places the management of the case entirely within the client's hands instead of the law firm's hands.

The prior art does establish a budget...see Figure 1 of that reference, elements 318 and 320 in the upper right hand corner (reproduced below for convenience.)

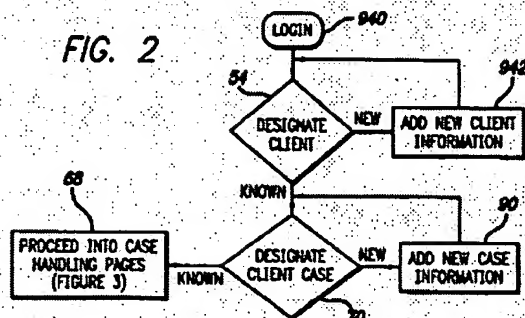
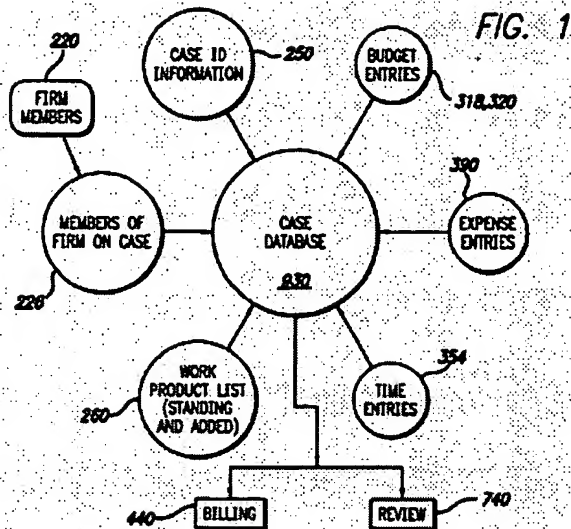
The argument about not being able to modify the budget without permission of the client is inherent in the relationship...otherwise it would be called theft. Besides, Applicant does not claim the feature. The rejection STANDS.

U.S. Patent

Sep. 16, 2003

Sheet 1 of 32

US 6,622,128 B1



### Argument 3

Further, Bedell focuses on capturing the number of hours the law firm works as well as materials used which means the client has no control on costs. Applicant's invention totally overcomes this concern and does not even allow the number of hours worked to be input into or even considered by the system.

Art Unit: 2129

This feature is not claimed by Applicant, therefore the argument is moot.

Applicant's argument is unpersuasive and therefore, the rejections STAND.

#### **Argument 4**

The Bedell patent does not prevent inefficiencies in the law firm's litigation system, nor does it have any mechanism in place for preventing over payment, over charges, or inefficiencies, nor does it keep the law firm within a set budget. By contrast, Applicant's invention eliminates any possibility of over payment, or the law firm exceeding the actual budget.

This is purpose for which a budget is inherently used...to prevent the exceeding of that budget. Applicant is in error in assuming that the prior art does not establish a budget. See Fig. 1, element 318 of the 6,622,128 patent. Applicant's argument is unpersuasive and therefore, the rejections STAND.

#### **Argument 5**

Further, applicant's invention forces the inefficiencies of the law firm to be the firm's burden and to not be passed on to the client. Applicant's invention precludes non-approved tasks from being paid, unlike Bedell. In short, Bedell does not control the costs of the individual tasks that an attorney may perform during the course of a lawsuit. By contrast, Applicant's invention gives the client total control over the cost of each individual task performed during the course of the lawsuit, by virtue of the adoption of the pre-established process maps which have been selected by the client which are in turn used to generate an actual budget. That actual budget is accepted by the law firm and becomes the template for the entire case. Thus, Applicant's invention, unlike **Bedell which relies upon hourly rates**, is totally task value specific and once those tasks are completed, the firm can automatically bill the client for completion of said tasks which is totally hourly rate independent.

Applicant is in error in asserting that the prior art exclusively relies upon hourly rates (See Fig. 4, element 350.) Further, the other features Applicant argues are not

Art Unit: 2129

claimed. Therefore, Applicant's argument with respect to those elements is moot.

Applicant's argument is unpersuasive and therefore, the rejections STAND.

### **Argument 6**

Independent claim 1 has been amended to recite: A computer based method that allows a client to control and manage the cost of a lawsuit independent of hourly rates comprising the steps of:

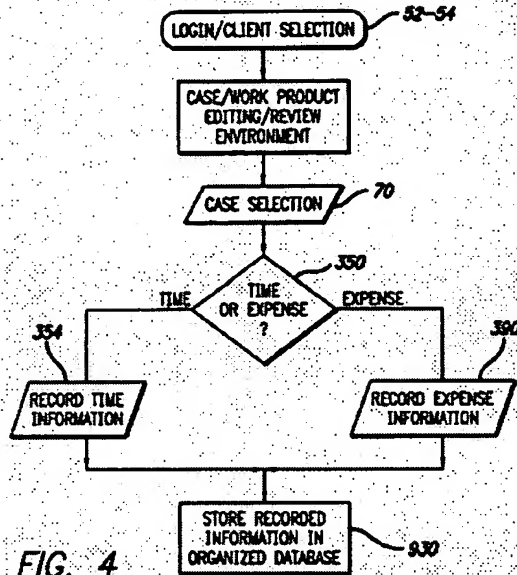
- a) Selecting pre-established process maps each consisting of individual tasks to be done in the lawsuit;
- b) setting pricing and value variables for each individual task to be done which eliminates hourly rates in said method;
- c) the client establishing a lawsuit budget by individual task which an outside counsel must follow;
- d) providing a case status module with real time information on how the lawsuit is proceeding based upon individual task performed;
- e) providing a point and click billing module for automatically [sending] submitting invoices to the client, the invoices having amounts that equal the value variables for individual tasks that have been pre-established and performed; and
- f) providing an exceptions module to allow for automatic approval or denial of new work submitted by outside counsel to be done that is beyond the budget.

Neither Bedell nor any of the other references of record teach or disclose a computer based method that allows the client to control and manage the cost of a lawsuit independent of hourly rates as recited in amended Claim 1. For the reasons set forth above, Claim 1 and Claims 2 - 18 that are dependent thereon, are believed to be in allowable order and such action is courteously requested.

Applicant is in error in asserting that the prior art is not a computer based method...that's why the flowchart in Fig. 4, element 52 contains the word "LOGIN." See chart reproduced below. Further, the other elements argued by Applicant are not actually claimed by Applicant. Applicant's argument is unpersuasive and therefore, the rejections STAND.



U.S. Patent Sep. 16, 2003 Sheet 3 of 32 US 6,622,128 B1



### Argument 7

Independent Claim 19 has been amended to recite, inter alia, a client controlled computer based litigation cost management system that is not hourly based that has an exceptions module that is controlled by the client for accommodating alterations to the budget. Applicant submits that **Bedell does not disclose a client controlled system**. Instead, Bedell teaches a system empowering a law firm to control the litigation and additionally any changes to the firm generated budget, are mandated by the firm, not the client. Applicant's invention focuses on the client controlling the process, both initially at the onset of the litigation,

Art Unit: 2129

through the conclusion of the case. Thus, taking any inefficiencies by the law firm out of the equation and making the law firm bear the cost of such inefficiencies. Accordingly, independent claim 19, and the claims dependent thereon are believed to be in allowable order and such action is courteously requested.

Again, Applicant is in error in asserting that the prior art exclusively relies upon hourly rates (See Fig. 4, element 350.) Further, the other features Applicant argues are not claimed. Therefore, Applicant's argument with respect to those elements is moot. Applicant's argument is unpersuasive and therefore, the rejections STAND.

#### **Argument 8**

Independent Claim 21 has been amended to recite, inter alia, a client controlled litigation cost management system comprising a module that maps out in detail the tasks, decision points and litigation variables for the process of litigation. Bedell does not include this module that maps out specific tasks. By contrast, Applicant's invention, see Figures 2 - 7 for process maps, employs pre-established process maps for a variety of typical tasks in a piece of litigation. Values are established to those tasks and decision points which are used collectively to generate a value for that specific task. For example, Figure 2 is a process map for responding to a complaint 28. Neither Bedell nor any of the other references of record specifically discloses a client control litigation cost management system as recited in newly amended Claim 21. Accordingly, Applicant respectfully requests that Claim 21 be allowed.

Not true. The argued feature is anticipated by Bedell et al, col. 11, lines 61-67 and col. 1, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids task number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-

Art Unit: 2129

defined utilization lists of probable work products, their descriptions and activity descriptions, **but is also flexible so that written descriptions can be used in lieu of listed items.** The system prohibits forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

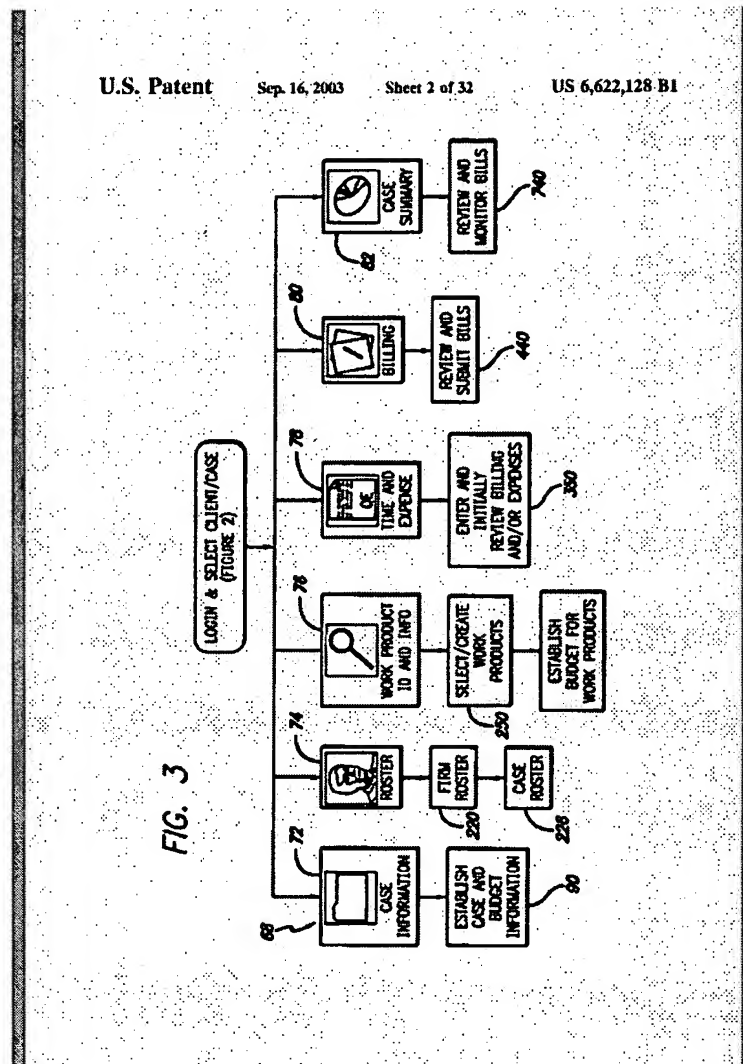
Applicant's argument is unpersuasive and therefore, the rejections STAND.

### **Argument 9**

Claim 22 recites, inter alia, a cost control and management system for assisting in-house counsel in reducing litigation cost comprising **a real time budget** and cost to complete module that is created by in-house counsel and an exception module that is operable to permit outside counsel to request to modify the budget when a task outside of the budget arises, and said in-house counsel being operable to deny said request, if the request is approved, the budget is revised. Bedell by contrast does not offer a system allowing in-house counsel to create the budget and then maintain and manage it, as recited in newly amended Claim 22. Instead, Bedell focuses on outside counsel driving the cost of litigation, thus taking that control outside of the client's hands. Accordingly, independent Claim 22 is believed to be in allowable order, and such action is courteously requested.

Applicant is in error asserting that the budget of the prior art cannot be modified by in-house counsel. See Figure 3, the box below element 250, reproduced below.

Applicant's argument is unpersuasive and therefore, the rejections STAND.



### Argument 10

Independent Claim 23 recites, inter alia, a point and click litigation cost management system that is created and then controlled by a customer. Again, Bedell does not afford the customer, that is in-house counsel, to create and control a litigation cost management system. Instead, Bedell focuses on the law firm to control litigation costs. Accordingly, independent Claim 23, and the claims dependent therein, are believed to be in allowable order and such action is courteously requested.

Art Unit: 2129

The argued feature is anticipated by Bedell et al, col. 19, lines 13-33, where it recites:

The Navigation Bar 68 appears throughout the process and is available for use at all times. It has six buttons which, by simply clicking the mouse on the appropriate symbol, enable the user to go directly to a page to perform a particular action. Balloon descriptions of each symbol may be shown when the cursor hovers over the icon and help the user determine which button should be selected for a desired action. The buttons may be as follows. The first button 72 accesses the Case Information section and may be labeled by a manila folder. The second button 74 accesses the law firm member-employee Roster Section and may be labeled by the bust of a man. The third button 76 accesses the Work Product Identification and Information section and may be labeled by a legal pad and pen or by a magnifying glass. The fourth button 78 accesses the Work Detail and Time Entries and Itemizations Charged and may be labeled by a calculator or by a dog-eared page with the letters "QE" prominently displayed. The fifth button 80 accesses the Work Product. Billing section and may be labeled by a magnifying glass. The sixth and last button 82 accesses the Whole Case Summary section and may be labeled by a pie chart.

Further, the feature is anticipated by claim 17, where it recites:

17. An Internet-based method for entering, sharing, and monitoring legal billing and budget information, the steps comprising: providing access to a shared database over the Internet; gathering actual time and expense data via the Internet; gathering predicted time and expense data via the Internet to effect a budget indicating fund allocation for legal activities and legal expenses; said actual and predicted time and expense data collected via web pages displayed by a web browser, each of said web pages providing ready access to available options, areas, or portions by a navigation bar at a top of said web pages; gathering data and storing said data in said database, said data selected from the group consisting of: specific work product information, specific attorney or legal team member information, and specific expense provider information; identifying said actual time and expense data and said budget with a specific case of a specific client by forcing said user to select a client, case, and work product before allowing said user to enter data regarding actual time or actual expenses; entering information regarding said specific case of said specific client; entering information regarding an entire budget for said specific case; designating work product types associated with said specific case; entering budget information for each designated work product type; entering actual time and/or expense data and associating said data with one of said

designated work product types; storing said actual and predicted time and expense data in said database in a case-related manner in conjunction with storing said case information, said entire budget information, said work product designations, and said work product budget information in said database; presenting said budget to a user when said user enters actual time and expense data so that said user is notified of compliance with said budget as indicated by said budget less already billed actual time and expense data and said user is notified of potentially remaining budget as indicated by said budget less already billed actual time and expense data plus unbilled actual time and expense data; transmitting said actual time and expense data and said budget to a third party via the Internet, said third party monitoring said actual time and expense data and said budget; previewing bills reflecting said actual time and expense data based upon said stored time and expense data; submitting bills reflecting said actual time and expense data based upon said stored time and expense data; generating reports derived from said database; said navigation bar providing continual access to different areas or portions of the method, said different areas or portions comprising: a case information branch, a firm and case roster branch, a work product identification and information branch, a time and expense entry branch, a billing branch; and a case summary branch; said case information branch comprising case information entry and editing fields; said firm and case roster branch comprising a firm member list, said firm member list providing an option to add new firm members and information regarding said new firm members, and a case roster list, said case roster list created from designations made from said firm member list, said case roster list listing firm members entering billing on said specific case; said work product identification and information branch comprising a list of work product types available for designation, said list of work products including an option to designate and create a new work product type, and a list of work product types designated for said specific case, each of said designated work products having associated budget information pertinent to said designated work product; said time and expense entry branch comprising time and expense entry fields and present and projected budget fields, said present and projected budget fields not being editable by a user but being calculated using said time and expense entry fields, said time and expense entry fields only available when a work product has been designated and with which information entered regarding time spent for legal activities or expenses may be associated; said billing branch comprising a work product billing list, said work product billing list indicating new and unbilled fees and new and unbilled expenses with respect to individual designated work products, and said work product billing list providing access to individual work product bill previews, said individual work product previews showing all firm members' contributions to said individual work product bills, said individual work product bill previews able to be actually billed upon user actuation of such billing; and said case summary branch comprising a report list, said report list listing available reports, said reports being ordered and compiled extractions of said database, and said report list providing access to said reports; whereby legal billing for time and expenses and review of such legal billing may occur in a contemporaneous and ongoing manner over the Internet, allowing legal

Art Unit: 2129

costs and fees to be entered, recorded, and monitored more easily by geographically dispersed parties.

Applicant's argument is unpersuasive and therefore, the rejections STAND.

### **Argument 11**

Independent claim 26 recites, inter alia, a system of a law firm and corporate counsel managing the cost of litigation for a case comprising the corporate counsel generating an actual working budget based on defaults and price variables; the law firm electronically requesting exceptions when a task is outside of the agreed upon actual budget, said corporate counsel either accepting or rejecting the exceptions. Bedell does not disclose corporate counsel creating an actual working budget, that is a budget that must be followed by a law firm. Nor does Bedell disclose a system for exceptions to the budget which must be pre-approved by the client, or the law firm does not get paid. Instead, Bedell discloses a system where the law firm drives the cost, not the client. Accordingly, independent claim 26 is believed to be distinguishable over the prior art of record and Applicant requests that said claim be approved.

Not true. The argued feature is anticipated by Bedell et al, col. 11, lines 61-67 and col. 1, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids task number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system prohibits forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

Applicant's argument is unpersuasive and therefore, the rejections STAND.

***Conclusion***

4. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the Examiner should be directed to Wilbert L. Starks, Jr. whose telephone number is (571) 272-3691.

Alternatively, inquiries may be directed to the following:



Application/Control Number: 10/517,287

Page 40

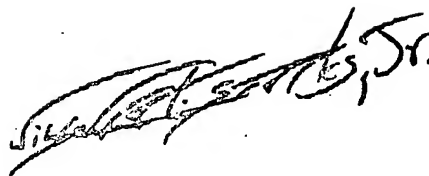
Art Unit: 2129

**S. P. E. David Vincent**

**(571) 272-3080**

**Official (FAX)**

**(571) 273-8300**

A handwritten signature in black ink, appearing to read "Wilbert L. Starks, Jr.", written in a cursive style.

Wilbert L. Starks, Jr.  
Primary Examiner  
Art Unit 2129

WLS

18 MAR 2007